

Introduction to Commercial Real Estate Sales

Online Distance Learning

Course Provider: Quality Workshops
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Program Offering Dates: Ongoing

Number of Hours of Education: 4

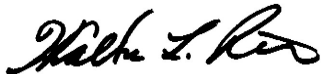
Support Personal:

Walter Rice – Licensed Broker
Russell F. Niquette Jr., Esq. – RE Attorney
Justin Rice – Content & Marketing

Course Style: Online

Course Purpose: Continuing Education

We hereby certify that the information contained in this application is true and accurate to the best of our knowledge and belief. We have read the course responsibility checklist and agree to adhere to all requirements.



Walter L. Rice – Principle



Justin N. Rice – Sales and Marketing

Introduction to Commercial Real Estate Sales

Course Syllabus

I. Program Information

A. Course Description

Commercial real estate can be especially lucrative for both agents and investors. This electronic course provides a blueprint for commercial real estate transactions. It covers essential elements regarding commercial real estate investments; including the anatomy of investments, establishing market value & return, and listing & marketing real estate investments.

B. Course Format

1. Reading Assignment Topics
2. Reading Comprehension Quiz
3. Interactive Exercises
4. Unit Exam

C. Learning Objectives

1. Essential Elements
 - a. to describe the advantages and disadvantages of investments in real estate.
 - b. to identify the four main categories of investment property and list the significant characteristics of each.
 - c. to define basic key terms and concepts in real estate investments.
 - d. to calculate rent per square foot and rent due on percentage leases.
2. Anatomy of Investments
 - a. to understand and explain the basic financial elements involved in a real estate investment.
 - b. to define key terms in income and expense analysis.
 - c. to use your learned skills to perform a basic financial analysis of a real estate investment.
3. Establishing Market Value & Return
 - a. to identify the elements of value in a real estate investment.
 - b. to define key terms involved in the valuation process.
 - c. to perform the analysis necessary to establish an investment's value.
 - d. to perform the analysis necessary to determine return on investment.
4. Listing & Marketing
 - a. to describe the types of listings and compensation arrangements relevant to real estate investment transactions.
 - b. to define the key concepts and terms involved in marketing a real estate investment opportunity.
 - c. to identify marketing opportunities and develop a marketing plan for a real estate investment.
 - d. to describe and apply the skills required for closing an investment transaction.

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Course Syllabus - Continued

II. Implementation and Instruction:

Per *REcampus* online electronic course

III. Technology & Aids:

Online accessibility for students with access to the Internet

IV. Textbooks / Workbooks / Publications:

Inclusive with electronic program; any and all sections may be copied for personal use.

V. Instructor Information: (Support personal)

Instructors/Address	Phone/ Resume	Programs	Qualifications
Justin N. Rice 389 Plank Road Vergennes, Vermont 05491	802-877-2465 - Resume with application cover page jrice22@qualityworkshops.com	ALL	Marketing and Web Master for Quality Workshops since 2004. Managed classroom programs from 2004 to present and has passed the real estate exam, license pending.
Walter L. Rice – Broker 389 Plank Road Vergennes, Vermont 05491	802-877-2465 - Resume with application cover page walt@qualityworkshops.com	All	Founder, Program Developer, Broker, Principal and Instructor for Quality Workshops since 1992.
Russel F. Niquette Jr. Esq. PO Box 1 7-9 E. Allen St. Winooski, VT. 05404	802-655-0780 - Resume with application cover page niglaw@aol.com	All	Active attorney with vast experience in laws of agency, has been an instructor for Quality Workshops since 1992 and believes in education as a means of preventing litigation.
RECampus Dearborn Publishing	(888) 213-5124 REtechsupport@dearborn.com	ALL	24-7 Technical Support and Program Publisher

VI. Program Advertising:

Through partnership with www.REcampus.com plus links from Quality Workshops site at <http://www.qualityworkshops.com/distancelearning/index.htm>

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Course Outline

Note: All content related materials are copy written by Dearborn Publishing. This outline is being provided to Vermont's Real Estate Commission for review and approval.

I. Essential Elements

- A. Overview of Commercial Investment
- B. Residential Properties
 - 1. Leases
 - a. Requirements for a valid contract
 - b. Things included in any lease or rental agreement
 - 1) Basic Provisions
 - 2) Legal Issues
 - 3) Responsibilities of the Parties
- C. Single-Family Homes
 - 1. Investment Considerations, Disadvantages, & Issues
 - a. Location
 - b. Physical Condition
 - c. Income Potential
 - d. Legal Issues
- D. Investing in Multi-Unit Residential
 - 1. Selecting the Investment
 - a. Overview
 - b. General Considerations
 - c. Larger Units
- E. Investing in Office Property
 - 1. General Investor Considerations
 - a. Types of Office Property
 - b. Tenant Issues

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Course Outline

(Essential Elements-continued)

F. Investing in Retail Property

1. Investment Considerations

a. 5 Factors

- 1) Location
- 2) Marketing
- 3) Law
- 4) Aesthetics
- 5) Operational Factors

b. Tenant Issues

c. Rent Structures

2. Calculating Percentage Leases

G. Investing in Industrial Property

1. Investor Considerations

a. Evaluation of Industrial Property

1) Structure

- a) General Purpose Building
- b) Single Purpose Building
- c) Special Purpose Building

2) Adequacy of Utility Service and Mechanical Systems

3) Loading Docks, Shipping, and Receiving Areas

4) Environmental Assessment

5) Community Support or Opposition

b. Rent Issues

c. Tenant Issues

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Course Outline

(Essential Elements-continued)

H. Property Management

1. In General

- a. Responsibilities of the Property Manager
- b. The Management Agreement
 - 1) Description of the Property
 - 2) Time Period the Agreement Will Cover
 - 3) Definition of Management's Responsibilities
 - 4) Statement of Owner's Purpose
 - 5) Extent of Manager's Authority
 - 6) Reporting
 - 7) Management Fee
 - 8) Allocation of Costs

II. Financial Anatomy of Investment

A. Operating Report

1. Analyzing the Operating Report

- a. Formulas for Calculating Operating Statements
- b. Gross Scheduled Income (GSI)
 - 1) Contract Rent
 - 2) Economic Rent
- c. Establishing Effective Gross Income
 - 1) Determining Vacancy and Collection Loss
 - a) Historical Data on the Subject Property
 - b) Published figures for the Community
 - c) Market Analysis

2. Operating Expenses

- a. Fixed Expenses
- b. Variable Expenses
 - 1) Off-Site Management
 - 2) On-Site Personnel
 - 3) Expenses and Benefits
 - 4) Workers' Compensation
 - 5) Repairs and Maintenance
 - 6) Utilities

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Course Outline

(2. Operating Expenses-continued)

- 7) Accounting and Legal Expenses
- 8) Real Estate Leasing Commissions
- 9) Advertising, Licenses, and Permits
- 10) Supplies
- 11) Miscellaneous
- 12) Contract Services

3. Calculating Net Operating Income

B. Cash Flow

- 1. Overview
- 2. Negative Cash Flow and Restructuring the Investment
- 3. Methods for Changing the Cash Flow
 - a. Increase the Income
 - b. Decrease the Operating Expenses
 - c. Restructure the Financing

C. Taxation

- 1. Federal Income Tax
 - a. Income
 - b. Deductions
 - c. Types of Income
 - 1) Active Income
 - 2) Passive Income
 - 3) Portfolio Income
- 2. Determination of Taxable Income
- 3. Passive Activity Loss Limitations

D. Depreciation

- 1. Definitions
 - a. Basis
 - 1) Cost Basis
 - 2) Depreciable Basis
 - 3) Adjusted Basis
 - b. Useful Life

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Course Outline

- (D. Depreciation - continued)
 - 2. Calculating the Depreciation Deduction
- E. Capital Gains and Losses
 - 1. Short-Term Vs Long-Term Gains and Losses
 - 2. Calculating Capital Gain or Loss
- F. Installment Sales and Exchanges
 - 1. Overview
 - 2. Section 1031 Tax Deferred Exchanges

III. Establishing Market Value and Return

- A. Introduction
 - 1. Gathering and Analyzing Data
 - a. Data Collection
 - b. Data Sources
 - c. Data Analysis
- B. Measuring Value
 - 1. Measures of Value
- C. Valuation of an Investment
 - 1. Valuing the Income Stream
 - a. Capitalization of Net Income (CAP Rate) Approach
 - 1) Establishing the Capitalization Rate
 - a) Market Extrapolation Method
 - b) Summation Method
 - c) Band of Investment Method
 - b. Gross Rent Multiplier (GRM)
 - c. Internal Rate of Return (IRR)
 - 2. Financial Management Rate of Return (FMRR)

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D. Return on Investment

1. Understanding Investment Returns
 - a. Tax Benefits
 - 1) Depreciation
 - 2) Capital Gains
 - 3) Tax Credits for low-income housing and rehabilitation
 - b. Leverage
 - c. Pyramiding
 - d. Calculating Total Return: An Example

IV. Listing and Marketing

A. Listing and Compensation

1. Agency
2. Listing Agreements and Buyer Representation
3. Compensation
 - a. Fixed Percentage of Sales Price
 - b. Graduated Percentage
 - c. Fixed Fee
 - d. Fixed Fee plus Percentage
 - e. Retainer or Hourly Fee

B. Understanding Client Motivations

1. Investor Concerns
2. Owner/User Concerns

C. Preliminary Issues

1. Qualifying the Investment Buyer
2. Financing Issues
 - a. Financing Methods
 - 1) Purchase-Money Mortgages
 - 2) Limited Partnership
 - 3) Real Estate Investment Trusts (REITs)

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D. Marketing Plans

1. Developing a Marketing Plan

a. Factors to Consider in Developing a Marketing Plan

- 1) Analysis of the Property
 - a) Income and Expense Analysis
 - b) Size, Location, and Condition of Improvements
 - c) Legal Restrictions
- 2) Seller's Needs
 - a) The Bottom Line
 - b) Tax Considerations
- 3) Buyer Profile
- 4) Market Research
 - a) Local Economic Conditions
 - b) Comparable Investment Opportunities
 - c) Demographics

2. Prospecting Plan

3. Advertising Plan

E. Closing the Transaction

1. The Ultimate Goal